

Staff Summary Report



Council Meeting Date: 11/8/07

Agenda Item Number: 12

SUBJECT: Request authorization for the Mayor to execute a lease agreement between the City of Tempe and Centerpoint Plaza Limited Partnership

DOCUMENT NAME: 20071108cdnc01 **COMMUNITY DEVELOPMENT ADMIN. (0406)**

SUPPORTING DOCS: Yes - on file in the Clerk's Office

COMMENTS: Request approval for the Mayor to execute a lease between the City and Centerpoint Plaza Limited Partnership for the lease of office space for the temporary relocation of the City's Information Technology Department

PREPARED BY: Neil Calfee, Deputy Community Development Manager (x. 2912)

REVIEWED BY: Chris Salomone, Community Development Manager (x 8294)

FISCAL REVIEW BY: Jerry Hart, Financial Services Manager (x. 8505)

LEGAL REVIEW BY: Cynthia McCoy, Assistant City Attorney (x. 2187)

FISCAL NOTE: The first year's rent is included in the capital budget for the new parking structure at east city hall. The remaining four years of the lease would be absorbed as part of the City's general operating budget.

RECOMMENDATION: Authorize the Mayor to execute the lease as presented

ADDITIONAL INFO: With the pending construction of a new parking structure east of City Hall, the Information Technology Department (ITD) will be displaced due to the demolition of the Goodwin Building as well as other moves needed to make way for that structure. The proposed lease has a five year term and is for approximately 14,000 square feet. The lease payment starts at \$401,325 annually and increases every year until the fifth year's payment of \$433,431.

CENTERPOINT OFFICE LEASE

THIS LEASE is made and entered into this _____ day of _____, 2007, by and between CENTERPOINT HOLDINGS, LLC, a Delaware limited liability company, successor by merger with CENTERPOINT PLAZA LIMITED PARTNERSHIP ("**Landlord**"), and CITY OF TEMPE ("**Tenant**").

1. **PREMISES.** Landlord hereby leases to Tenant and Tenant leases from Landlord, for the term and upon the terms, conditions and agreements set forth in this Lease, the office space shown on **Exhibit A** attached hereto, consisting of (i) approximately 2,037 rentable square feet of space known as Suite 150 ("**Suite 150**") on the First Floor of the Building located at 660 South Mill Avenue in Tempe, Arizona (the "**Building**") at Centerpoint (the "**Center**"), and (ii) approximately 14,016 rentable square feet of space known as Suite 204 ("**Suite 204**") on the Second Floor of the Building at the Center (Suite 150 and Suite 204 are collectively referred to herein as the "**Premises**"). The address of the Premises is 660 South Mill Avenue, Tempe, Arizona 85281. Tenant hereby acknowledges that Exhibit A is subject to change by Landlord, provided any such changes do not materially alter the size or utility of the Premises.

2. TERM AND POSSESSION.

2.1 **Term.** The term of this Lease, and Tenant's obligation to pay rent (except as otherwise provided below), shall be for a period of Sixty (60) months (the "**Lease Term**"), commencing on the Commencement Date. For purposes of this Lease, the **Commencement Date** shall be the earlier of (i) the date upon which Landlord notifies Tenant that Landlord's construction obligations under this Lease are substantially complete (as defined in **Exhibit B** attached hereto) or (ii) the date upon which the Premises opens for business. Upon request of either party after the Lease Term has commenced, Landlord and Tenant jointly shall execute a memorandum confirming the Commencement Date. **The anticipated Commencement Date is January 1, 2008.** Notwithstanding the above definition of Lease Term, which is used to conveniently define the period following construction of improvements during which Tenant shall pay rent, the Lease, all rights and remedies of Landlord, and all obligations of Tenant, except the obligation to pay the Base Rent (as defined herein), shall take effect upon the date of this Lease, without actual entry onto the Premises by Tenant.

2.1.1 Notwithstanding anything to the contrary herein, if Landlord's construction obligations under this Lease for Suite 150 are substantially complete prior to the Commencement Date, then (i) Tenant may take possession of Suite 150 prior to the Commencement Date, (ii) Tenant's early occupancy of Suite 150 will not trigger the Commencement Date, and (iii) Tenant's obligation to pay Base Rent for Suite 150 and a pro rata share of the Operating Costs, along with Tenant's obligation to lease and pay for two (2) reserved executive parking spaces and six (6) unreserved parking spaces in accordance with Section 8.3.1, shall commence on the earlier of (A) the date of Tenant's occupancy of Suite 150, (B) January 1, 2008, provided Landlord's construction obligations under this Lease for Suite 150 are substantially complete on or before January 1, 2008, or (C) such date after January 1, 2008, but before the Commencement Date, when Landlord's construction obligations under this Lease for Suite 150 are substantially complete.

2.1.2 Notwithstanding anything to the contrary herein, if Landlord's construction obligations under this Lease for Suite 204 are substantially complete prior to the Commencement Date, then (i) Tenant may take possession of Suite 204 prior to the Commencement Date, (ii) Tenant's early occupancy of Suite 204 will not trigger the Commencement Date, and (iii) Tenant's obligation to pay Base Rent for Suite 204 and a pro rata share of the Operating Costs, along with Tenant's obligation to lease and pay for fourteen (14) reserved executive parking spaces and forty-two (42) unreserved parking spaces in accordance with Section 8.3.1, shall commence on the earlier of (A) the date of Tenant's occupancy of Suite 204, (B) January 1, 2008, provided Landlord's construction obligations under this Lease for Suite 204 are substantially complete on or before January 1, 2008, or (C) such date after January 1, 2008, but before the Commencement Date, when Landlord's construction obligations under this Lease for Suite 204 are substantially complete.

2.1.3 Notwithstanding anything to the contrary herein, Tenant may take possession of an approximately 1,526 rentable square feet portion of Suite 204 (located in the Northeast corner of Suite 204, and herein identified as the "**Early Occupancy Portion**") on December 1, 2007, provided (i) Landlord's construction obligations under this Lease are substantially complete as to the Early Occupancy Portion and (ii) Landlord has received a certificate of occupancy or temporary certificate of occupancy for Suite 204 (or, if available, the Early Occupancy Portion) from the City of Tempe. Tenant's occupancy of the Early Occupancy Portion in advance of the Commencement Date will not trigger the Commencement Date or the payment of Base Rent (except if Tenant is otherwise occupying Suite 204 in advance of the Commencement Date as provided in Section 2.1.2 above).

2.2 Right to Terminate. If the Commencement Date has not occurred within six (6) months after the date of this Lease through no fault of or changes ordered by Tenant, either Landlord or Tenant may, by written notice to the other, terminate this Lease. If either party terminates this Lease under this Section, Landlord shall promptly return any security deposit and prepaid rent, if any, to Tenant, and the parties shall have no further obligation to one another.

2.3 Intentionally omitted.

2.4 Holdover. Tenant shall have no right to hold over after the expiration of this Lease without Landlord's consent. If, with Landlord's consent, Tenant holds over after the expiration of this Lease, Tenant shall become a tenant from month-to-month on the terms and conditions in existence during the final month of the Lease Term, except that the Base Rent shall be increased by fifty percent (50%).

3. CONSTRUCTION OF PREMISES.

3.1 Construction of the Premises. Landlord shall construct Tenant Improvements, as defined in Exhibit B attached hereto, in accordance with plans and specifications prepared by Landlord's architect and approved by Tenant. The respective obligations, covenants and agreements of Landlord and Tenant to construct the Premises including the division of responsibilities and procedures for design and construction and for payment of costs and expenses are more specifically set forth in Exhibit B.

3.2 Dimensions. Immediately following substantial completion of Building Standard Improvements (as defined in Exhibit B attached hereto), Landlord shall cause the Premises to be measured and shall obtain and deliver to Tenant an architect's certificate stating the rentable square footage of the Premises. The rentable square footage shall be measured in accordance with the most recent standards established by the Building Owners and Managers Association ("BOMA") for the measurement of rentable square footage of office space.

3.3 Indemnification by Tenant. Prior to the Commencement Date, any work performed by Tenant, or any fixtures or personal property moved into the Premises, shall be at Tenant's own risk and neither Landlord nor Landlord's agents or contractors shall be responsible to Tenant for damage or destruction of Tenant's work or property, including damage or destruction occasioned by Landlord's own negligence. Tenant agrees to indemnify Landlord and hold Landlord harmless against claims made with respect to damage or destruction of property of third persons moved into the Premises prior to the Commencement Date at Tenant's request.

4. RENT.

4.1 Base Rent. Tenant shall pay to Landlord during the Lease Term, at the office of Landlord or at such other place as Landlord may designate, without notice, demand, deduction or set-off, in equal monthly installments in advance on the first day of each calendar month, plus applicable tax, Base Rent as follows:

PERIOD	PER RENTABLE S.F.	ANNUAL	MONTHLY
Lease Year 1	\$25.00	\$401,325.00	\$33,443.75
Lease Year 2	\$25.50	\$409,351.50	\$34,112.63
Lease Year 3	\$26.00	\$417,378.00	\$34,781.50
Lease Year 4	\$26.50	\$425,404.50	\$35,450.38
Lease Year 5	\$27.00	\$433,431.00	\$36,119.25

If the Commencement Date does not occur on the first day of a calendar month, Tenant shall pay rent for the remainder of such month on a pro rata basis, plus rent for the first full calendar month thereafter, and shall pay rent for the fractional month at the end of the Lease Term on a pro rata basis.

4.2 Nature of Payments. All sums required to be paid by Tenant under this Lease, whether or not designated as rent, are deemed to be additional rent and shall be subject to all the payment and enforcement provisions applicable to rent hereunder.

4.3 Late Charges and Interest. Any amount due from a party which is not paid when due shall bear interest at three percent (3%) in excess of the prime rate as established from time to time by Chase Bank from the due date until paid (the "Default Rate"). The payment of such interest shall not cure any default by Tenant under this Lease. In addition,

any rent not paid within five (5) days after the due date shall be subject to a five percent (5%) late charge, representing the additional costs and burdens of special handling.

5. **GUARANTY; SECURITY DEPOSIT.** Concurrently with the execution of this Lease, Tenant shall deliver to Landlord an unconditional guaranty of Tenant's obligations hereunder, in the form of **Exhibit C** attached hereto, executed by _____, In addition, upon execution of this Lease, Tenant shall deposit with Landlord the sum of \$ _____ as security for the full and faithful performance of this Lease by Tenant. If Tenant defaults with respect to any provision of this Lease, Landlord may apply all or any part of the security deposit for the payment of any sum in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. Application of the security deposit shall not constitute a cure of the default by Tenant to which the application relates. If any portion of the security deposit is so applied, Tenant shall deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount, within five (5) days after written demand therefor. Landlord shall not be required to keep the security deposit separate from its general funds, and Tenant shall not be entitled to interest on the deposit. If Tenant shall fully and faithfully perform each and every obligation hereunder, the remaining balance of the security deposit shall be returned to Tenant upon expiration of this Lease.

6. **USE.**

6.1 **Use of Premises.** Tenant shall continuously use and occupy the Premises for general office purposes and for no other purpose whatsoever without Landlord's prior written consent.

6.2 **Covenants Regarding Operation.** Tenant shall not use or permit in the Premises anything that would invalidate any policies of insurance now or hereafter carried on the Premises or that will increase the rate of insurance on the Premises or the Center. Tenant shall not do anything or permit anything to be done in the Premises which would, in any way, create a nuisance, or disturb any other tenant in the Center or injure the reputation of the Center. Tenant shall not commit or suffer to be committed any waste in the Premises or cause any objectionable odor to be emitted from the Premises. Tenant shall not use the exterior of the roof or walls of the Premises or Building for any purpose. Tenant shall not cause or permit any Hazardous Material to be generated, produced, brought upon, used, stored, treated or disposed of in or about the Premises or the Building, whether by Tenant, its invitees, agents, employees, contractors or sublessees, except for routine office and janitorial supplies in usual and customary quantities. "Hazardous Material" means any flammable items, explosives, radioactive materials, hazardous or toxic substances, material or waste or related materials, including any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "infectious wastes", "hazardous materials" or "toxic substances" now or subsequently regulated under any applicable federal, state or local laws or regulations including, without limitation, oil, petroleum-based products, paints, solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonia compounds, and other chemical products, asbestos, PCBs and similar compounds, and including any different products and materials which are subsequently found to have adverse effects on the environment or the health and safety of persons. Tenant shall faithfully observe and comply with the rules and regulations set forth on **Exhibit D** to this Lease, including all parking regulations established in connection with Section 8.3 hereof (collectively, the "Center Rules"), and any changes to the Center Rules, provided that Tenant receives notice of such changes and provided that such changes are imposed on all tenants of the Center. Tenant shall maintain in the Premises, at all times, an average density that does not exceed one (1) person per two hundred (200) rentable square feet.

6.3 **Compliance with Laws.** Tenant, at Tenant's expense, shall comply with all present and future federal, state and local laws, ordinances, orders, rules and regulations (collectively, "Laws") applicable to the Premises and this Lease, and shall procure all permits, certificates, licenses and other authorizations required by applicable Laws relating to Tenant's business or Tenant's use or occupancy of the Premises. Tenant shall make all reports and filings required by all applicable Laws. Tenant shall defend, indemnify and hold harmless Landlord and Landlord's present and future constituent partners, and their respective affiliates, owners, officers, directors, employees and agents, for, from and against all claims, demands, liabilities, fines, penalties, losses, costs and expenses, including but not limited to costs of compliance, remedial costs, and reasonable attorneys' fees, arising out of or relating to any failure of Tenant to comply with applicable Laws. Without limiting the foregoing, Tenant shall comply with all Laws relating to Hazardous Materials and shall defend, indemnify and hold harmless Landlord and Landlord's present and future constituent partners, and their respective affiliates, owners, officers, directors, employees and agents, for, from and against all claims, demands, liabilities, fines, penalties, losses, costs and expenses, including but not limited to costs of compliance, remedial costs, clean-up costs and reasonable attorneys' fees, arising from or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the

environment, of any Hazardous Materials from, on or at the Premises or the Center as a result of any act or omission on the part of Tenant or any employee, agent or contractor of Tenant. Tenant's indemnification obligations shall survive the expiration or termination of this Lease. Notwithstanding the foregoing, Landlord shall be responsible for compliance with the provisions of the Americans with Disabilities Act ("**ADA**") with respect to the Common Areas and Building Standard Improvements (as defined in **Exhibit B** attached hereto) and those Tenant Improvements which Landlord is obligated to construct. Except as expressly stated in the preceding sentence, Tenant shall be responsible for compliance with the ADA within the Premises.

Landlord, at Landlord's expense, shall comply with all present and future federal, state and local laws, ordinances, orders, rules and regulations (collectively, "**Laws**") applicable to the Premises and this Lease, and shall procure all permits, certificates, licenses and other authorizations required by applicable Laws relating to Landlord's business. Landlord shall make all reports and filings required by all applicable Laws. Landlord shall defend, indemnify and hold harmless Tenant and Tenant's present and future Council members, officers, employees, contractors and agents for, from and against all claims, demands, liabilities, fines, penalties, losses, costs and expenses, including but not limited to costs of compliance, remedial costs, and reasonable attorneys' fees, arising out of or relating to any failure of Landlord to comply with applicable Laws. Without limiting the foregoing, Landlord shall comply with all Laws relating to Hazardous Materials and shall defend, indemnify and hold harmless Tenant and Tenant's present and future Council members, officers, employees, contractors and agents for, from and against all claims, demands, liabilities, fines, penalties, losses, costs and expenses, including but not limited to costs of compliance, remedial costs, clean-up costs and reasonable attorneys' fees, arising from or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any Hazardous Materials from, on or at the Premises or the Center as a result of any act or omission on the part of Landlord and/or Landlord's agents. Landlord's indemnification obligations shall survive the expiration or termination of this Lease.

7. TAXES.

7.1 Tenant's Personal Property. Tenant shall pay, prior to delinquency, all taxes assessed against or levied upon Tenant's fixtures, furnishings, equipment and other personal property located in or upon the Premises.

7.2 Rental and Other Taxes. Simultaneously with the payment of any sums required to be paid under this Lease as Base Rent, additional rent or otherwise, Tenant shall pay to Landlord any excise, transaction privilege, rental, sales or other tax (except income or estate taxes) levied or assessed by any federal, state or local authority upon such amount received by Landlord. Tenant shall pay Tenant's pro rata portion of all real estate taxes, assessments and any other tax imposed on or levied against the Building and the Center as part of the Operating Costs (as defined in Section 9.1 below).

8. PARKING AND COMMON AREAS.

8.1 Common Areas. All parking areas, parking structures, access roads, driveways, pedestrian sidewalks and ramps, landscaped areas, drainage facilities, exterior lighting, signs, roofs, courtyards, public rest rooms, signs and directories and other areas and improvements provided by Landlord for the general use in common of tenants and their agents, employees, customers and other invitees (collectively, the "**Common Areas**") shall at all times be subject to the exclusive control and management of Landlord, and Landlord shall have the right from time to time to modify, enlarge or eliminate the same and to establish, modify and enforce reasonable rules, regulations and parking charges with respect thereto. Without limiting the foregoing, Landlord grants to Tenant the nonexclusive use of and access to the Common Areas, subject to reasonable regulation thereof by Landlord. Landlord shall cause the Common Areas to be maintained in a neat, clean and orderly condition.

8.2 Landlord's Rights. Landlord, at any time, may close temporarily any portion of the Common Areas to make repairs or changes, to prevent the acquisition of public rights in such areas and to discourage non-customer use. In addition, Landlord may (i) modify, from time to time, the traffic flow pattern and layout of parking spaces and the entrances and exits to adjoining public streets or walkways; (ii) utilize portions of the Common Areas for entertainment, displays and charitable activities; (iii) designate, from time to time, certain areas for the exclusive business use by certain tenants; and (iv) do such other things in and to the Common Areas as in its judgment may be desirable to improve the convenience or attraction of the Center.

8.3 Parking. Landlord agrees to operate and maintain or cause to be maintained and operated an Automobile Parking Area (the "**Automobile Parking Area**") during the Lease Term for the benefit and use of tenants, customers, patrons and employees of

tenants of the Building and the Center. The cost of maintenance, operation, repair and management of the Automobile Parking Area, whether paid by or allocated to Landlord, shall be included in the Operating Costs set forth in Article 9 hereof. Nothing contained herein shall be deemed to create liability upon Landlord for any damage to, or loss of property from, any motor vehicles in the Center.

8.3.1 Tenant covenants and agrees at all times during the Lease Term to lease parking rights up to sixteen (16) reserved executive parking spaces in the covered portion of the Automobile Parking Area and Tenant agrees to pay for each reserved space in addition to and concurrently with Base Rent a fee of Forty-Five Dollars (\$45.00) per month on the Commencement Date, and up to forty-eight (48) unreserved parking spaces in the covered portion of the Automobile Parking Area and Tenant agrees to pay for each unreserved space in addition to and concurrently with Base Rent a fee of Thirty-Five Dollars (\$35.00) per month on the Commencement Date. If the Commencement Date does not occur on the first day of a calendar month, then Tenant shall pay the foregoing parking fees for the remainder of such month on a pro rata basis, plus the parking fees for the first full calendar month thereafter, and shall pay the parking fees for the fractional month at the end of the Lease Term on a pro rata basis.

8.3.2 Landlord shall have the right to reserve and assign parking spaces for Tenant and other tenants of the Building or to designate parking rights on an unreserved, non-exclusive basis. Tenant shall receive stickers or cards authorizing parking equal to the number of vehicles for which parking rights have been leased. Landlord shall have the right to establish and from time to time change, alter and amend, and to enforce against all users of the Automobile Parking Area, reasonable rules and regulations (including the exclusion of parking from designated areas and the assignment of spaces to tenants) as may be deemed necessary and advisable for the proper and efficient operation and maintenance of the Automobile Parking Area including, without limitation, the hours during which the Automobile Parking Area shall be open for use. Landlord may establish such reasonable charges as Landlord deems appropriate for the use of the Automobile Parking Area by persons who have not leased space in the Building. Landlord may establish a system whereby those persons may present validations issued by tenants in lieu of payment of the parking charges. If Tenant wishes to provide Tenant's customers and patrons with validations as part of the validation system, Tenant agrees to pay Landlord, as additional rent, those charges established by Landlord for use of the validation system and to comply with such system and all rules and regulations established by Landlord for Tenant's use and the use of Tenant's customers and patrons of the validation.

9. OPERATING COSTS.

9.1 Operating Costs. Tenant agrees that the cost of maintaining, repairing, replacing and operating the Building and the Center, including all of the Common Areas (all of such costs to be referred to herein as the "**Operating Costs**"), in such manner as Landlord may deem appropriate for the best interests of the tenants of the Center, shall be apportioned among the tenants. Operating Costs shall be segregated as Building Operating Costs and Center Operating Costs. Building Operating Costs are defined as all Operating Costs of the Building. Center Operating Costs are defined as all other Operating Costs excluding Operating Costs of the Building or any other building that may exist or come into existence at the Center. Tenant agrees to pay its pro rata share of Operating Costs, as applicable, but only to the extent such costs exceed the actual Operating Costs incurred in the calendar year 2008 ("**Base Year**") in the Building and Center.

9.2 Operating Costs, Real Property Taxes and Utilities.

9.2.1 The Operating Costs consist of those costs and expenses directly associated with managing, operating, maintaining and repairing the Building and the Center, including the Automobile Parking Area and the other Common Areas. The Operating Costs include: the cost of all electrical, heating, ventilating, air conditioning, plumbing and other Building and Center systems; exterior and interior water features; utilities; fire, extended coverage and rent interruption insurance; window cleaning; janitorial services; energy management costs; real property taxes and general and special assessments; assessments and other amounts legally payable to the property owners' association created under the restrictive covenants to which the Center is subject (if any); wages, salaries and employee benefits of persons performing services in connection with the Building and the Center; parking lot and parking structure sweeping, sealing, patching, re-striping, repair and maintenance; public liability, property damage and business interruption insurance; supplies, materials, tools, parts, and equipment; equipment rental charges; bookkeeping, accounting, legal and other professional charges and expenses; fees for permits and licenses; administrative expenses; taxes other than real property taxes; service and maintenance contracts; signage; landscaping; amortization (over the reasonable life of the item) of the cost of installation of capital investment items which are installed primarily for the purpose of reducing Operating Costs or which may be required by any governmental authority after the date of this Lease; and any other expense or charge, whether or not described herein, that would be considered, under generally accepted

accounting and management principles, an expense of managing, maintaining, operating or repairing the Building and Center.

9.2.2 Operating Costs shall not include: income, estate and inheritance taxes levied against Landlord; taxes paid by any tenant under Section 7; depreciation, capital investment items (except as provided Section 9.2.1) and debt service; costs of leasing space in the Building, including leasing commissions and leasehold improvement costs; the cost of utilities separately metered to any tenant or resulting from Excess Consumption under Section 12 and billed directly to that tenant; the cost of special services provided to any tenant and billed directly to that tenant; and repairs and maintenance paid by proceeds from insurance or tenants.

9.2.3 On the first day of each month, Tenant shall pay a monthly advance charge on account of Tenant's pro rata share of the Operating Costs in excess of the Base Year. The amount of the monthly charge shall be established by Landlord and may be adjusted from time to time by Landlord to reflect Landlord's estimate of current and anticipated Operating Costs. Within one hundred twenty (120) days after the end of each calendar year, Landlord shall provide to Tenant a reasonably detailed summary of the actual Operating Costs showing Tenant's pro rata share of such costs. Any overpayment shall be credited to Tenant's account. Any deficiency shall be payable within ten (10) days after receipt of the statement. Landlord, at its option during all or part of the Lease Term, may bill Tenant for its pro rata share of Operating Costs in excess of the Base Year, in arrears, based on actual costs as they are incurred, in which case Tenant shall pay the invoice within thirty (30) days after receipt.

9.2.4 "Tenant's pro rata share" means that fraction, the numerator of which is the rentable area of the Premises and the denominator of which is the aggregate rentable area of the Building or the Center, as applicable.

9.2.5 Notwithstanding anything in this Lease to the contrary, no failure by Landlord to give notices or statements of Operating Costs within the time specified, and no grant of "free rent" or parking fee concessions shall waive Landlord's right to require payment by Tenant of Operating Costs in excess of the Base Year Operating Costs. The determination and statement of expenses shall be made by Landlord and a copy of such statements shall be made available to Tenant upon demand.

10. REPAIR AND MAINTENANCE.

10.1 Tenant's Obligations. Tenant shall maintain the interior of the Premises in good and sanitary condition and repair, except that Landlord shall provide normal janitorial service five (5) nights per week. Any repairs, alterations or other improvements required under governmental authority resulting from the specific use of the Premises by Tenant shall be performed by Tenant at Tenant's sole cost and expense. Tenant hereby waives all right to make repairs at the expense of Landlord. If any repairs or maintenance required to be made by Tenant are not made within thirty (30) days after written notice to Tenant, Landlord, at Landlord's option, may make such repairs or maintenance without liability to Tenant for any loss or damage resulting therefrom, and Tenant shall pay to Landlord, upon demand, as additional rent hereunder, the cost thereof, plus interest thereon at the Default Rate.

10.2 Landlord's Obligations. Landlord shall repair and maintain the Common Areas, all Building systems (electrical, heating, ventilation, air conditioning and plumbing), plate glass and the roof and exterior of the Premises. Landlord shall not be responsible for making any repairs or performing any maintenance unless written notice of the need for such repairs or maintenance is given by Tenant. Except in the case of a fire or casualty as provided in Section 15, there shall be no abatement of the Base Rent and no liability of Landlord by reason of any entry to the Premises, interruption of services or facilities, temporary closure of Common Areas, or interference with Tenant's business arising from the making of any repairs or maintenance.

11. ALTERATIONS.

11.1 Alterations. Tenant shall not make or suffer to be made any alterations, additions or improvements to the Premises (collectively, "Alterations") without the prior written consent of Landlord. Landlord may condition its consent upon (i) provision of adequate security such as a payment bond, in amount and form reasonably satisfactory to Landlord, covering the work to be done by Tenant's contractor, and/or (ii) a requirement that Tenant restore the Premises to its prior condition upon expiration of the Lease Term. Except as expressly otherwise provided, any Alterations, except movable furniture and trade fixtures, shall upon installation become a part of the realty and belong to Landlord. Tenant shall not install any antenna, satellite dish or other fixture or equipment on the roof or in the Common Areas. All Alterations shall be made by an Arizona licensed contractor reasonably acceptable to Landlord. Under no circumstances shall Tenant commence any work until Landlord has been provided with certificates evidencing that all the contractors and subcontractors performing the work have in full force and effect adequate workmen's compensation insurance, public liability and

builder's risk insurance in such amounts and on terms reasonably satisfactory to Landlord. Tenant shall not permit any mechanics' or materialmen's lien to stand against the Premises for any labor or materials provided to the Premises by any contractor or other person hired or retained by Tenant. Tenant shall cause any such lien to be discharged (by bonding or otherwise) within ten (10) days after written demand by Landlord, and if it is not discharged within such period, Landlord may pay or otherwise discharge the lien and immediately recover all amounts so expended from Tenant as additional rent, with interest thereon at the Default Rate. The obligations set forth in the immediately preceding sentence shall survive the expiration or termination of this Lease.

11.2 Restoration. Upon the expiration or sooner termination of this Lease, Tenant shall remove all of Tenant's movable furniture and trade fixtures, and, if requested by Landlord, at Tenant's sole cost and expense, remove any Alterations. Tenant, at its sole cost and expense, shall repair any damage to the Premises caused by such removal and restore the Premises to a condition reasonably comparable to the condition of the Premises on the Commencement Date, reasonable wear and tear excepted.

12. UTILITIES AND JANITORIAL SERVICES. Landlord agrees to furnish to the Premises at all times electricity suitable for the intended use of the Premises, and during normal business hours on a five day week and subject to the rules and regulations of the Building, heat and air conditioning from 7:00 a.m. to 6:00 p.m., Monday through Friday, and 8:00 a.m. to 12:00 noon, Saturday, excluding legally recognized holidays, for normal use and occupation of the Premises, and janitorial services five days per week for the Premises and Common Areas. Landlord shall also provide Tenant with heat and air conditioning at all other times, day or night, at Landlord's prevailing charges for additional consumption of heat or air conditioning. Landlord further agrees to furnish hot and cold water to those areas provided for general use of all tenants in the Building. Tenant shall not, without the written consent of Landlord, use any apparatus or device in the Premises, including without limitation, duplicating machines, electronic data processing machines and machines using electrical current in excess of 120 volts, which will result in Excess Consumption, nor connect, except through existing electrical outlets, water pipes, ducts or airpipes (if any) in the Premises, any apparatus or device for the purposes of using electric current, water, heating, cooling or air. As used in this Section 12, "Excess Consumption" means the consumption of electrical current (including current in excess of 120 volts), water, heat or cooling in excess of that which would be provided to the Premises were the Premises to be (i) built out with Building Standard Improvements (as defined in Exhibit B attached hereto) only; (ii) used as general office space during the foregoing business hours; and (iii) equipped only with typewriters, desk calculators, personal computers, dictation equipment and copying machines with power requirements of 30 amperes or less. If Tenant shall require water, heating, cooling, air or electric current which will result in Excess Consumption, Tenant shall first procure the consent of Landlord to the use thereof, and Landlord may cause separate meters to be installed to measure Excess Consumption or establish another basis for determining the amount of Excess Consumption. Tenant covenants and agrees to pay for the cost of the Excess Consumption based on Landlord's actual cost, plus any additional expense incurred in installing meters or keeping account of the Excess Consumption, at the same time as payment of the Base Rent is made. Tenant further agrees to pay Landlord the cost, if any, to upgrade existing mechanical, electrical, plumbing and air facilities, if required to provide Excess Consumption, upon receipt of a statement therefor. Excess Consumption costs will not be an Operating Cost for purposes of Section 9. Landlord shall not be liable for damages or otherwise in the event of any failure or interruption of any utility or service supplied to the Premises or Building by a regulated utility or municipality and no such failure shall entitle Tenant to terminate this Lease.

13. CERTAIN RIGHTS RESERVED BY LANDLORD. Landlord shall have the following rights, exercisable without notice and without liability to Tenant for damage or injury to property, persons or business and without effecting an eviction, constructive or actual, or disturbance of Tenant's use or possession of the Premises and without giving rise to any claim for setoff or abatement of rent: (a) to establish reasonable rules governing the conduct of tenants and all other persons at the Center, (b) to change the Building's name or street address, (c) to install, affix and maintain any and all signs on the exterior and interior of the Building, (d) to grant to anyone the exclusive right to conduct any business or render any service in or to the Building, provided such exclusive right shall not operate to exclude Tenant from the use expressly permitted herein, (e) to approve the weight, size and location of safes and other heavy equipment and articles in and about the Premises and the Building, and to require all such items and furniture and similar items to be moved into and out of the Building and Premises only at such time and in such manner as Landlord shall direct in writing, and (f) to take all such reasonable measures as Landlord may deem advisable for the security of the Building and its occupants, including without limitation, the search of all persons entering or leaving the Building, the evacuation of the Building for cause, suspected cause or for drill purposes, the temporary denial of access to the Building, and the restriction of access to the Building at times other than normal business hours.

14. DAMAGE TO PROPERTY; INJURY TO PERSONS; INSURANCE.

14.1 Indemnification by Tenant. Tenant shall defend, indemnify and hold Landlord harmless for, from and against any and all claims, liabilities, suits, losses, damages, costs and expenses, including without limitation reasonable attorneys' fees (collectively, "Claims"), arising from Tenant's use of the Premises or the conduct of Tenant's business or from any activity, work, or thing done by Tenant in or about the Premises. Tenant shall further defend, indemnify and hold Landlord harmless for, from and against any and all Claims arising from any breach or default under the terms of this Lease by Tenant, or arising from any negligence or willful misconduct of Tenant, or of its agents or employees. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons, in, upon, or about the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, unless caused by the gross negligence of Landlord, its agents or employees. Landlord shall not be liable for loss of or damage to any property by theft or otherwise, or for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of any building or from the pipes, appliances or plumbing works therein, or from the roof, street or subsurface, or from any other place resulting from dampness or any other cause whatsoever. Landlord shall not be liable for any damages arising from any act or neglect of any other tenants in the Center.

14.2 Indemnification by Landlord. Landlord hereby indemnifies and agrees to hold harmless and to defend Tenant and its Council members, employees, officers, and agents against any and all costs, claims, or liability or any injury or damage to any person or property whatsoever: (i) occurring in, on or about the Building (inclusive of the Premises) or the Common Areas if occurring as the result of any act, neglect, fault or omission of Landlord, its agents, contractors, employees or invitees and (ii) any breach or default on the part of Landlord in the performance of any covenant or agreement to be performed by Landlord pursuant to this Lease. The indemnification provisions of this Article 14.2 shall survive the termination of this Lease with respect to any claim or liability occurring prior to such termination.

14.3 Tenant's Insurance. Tenant shall maintain fire and extended coverage insurance throughout the term of this Lease in an amount equal to one hundred percent (100%) of the replacement value of Tenant's fixtures, equipment and other personal property located on the Premises, together with such other insurance as may be required by Landlord's lender or by any government agency. In addition, Tenant shall maintain the following amounts and types of insurance commencing as of the Commencement Date and continuing for the term of this Lease: (i) liability insurance coverages relating to the Premises and adjacent sidewalks and stairways as follows: (A) comprehensive and broad form general liability insurance in an amount not less than \$1,000,000, combined single limit; (B) liability insurance for owned, hired, or non-owned vehicles, in an amount not less than \$1,000,000, combined single limit; (C) workers' compensation, as required by law, and employer's liability in an amount not less than \$100,000; and (ii) umbrella or excess liability coverage in an amount not less than \$5,000,000. All liability insurance policies shall be written on an occurrence basis. The required coverages, in excess of a base coverage of not less than \$1,000,000, may be provided by a blanket, multi-location policy, if such policy provides a separate aggregate limit per occurrence for the benefit of the Premises and the Center. All required insurance policies shall name Landlord as an additional insured; and shall provide that such policies shall not be cancelled, nor shall any material change be made to the policy, without at least thirty (30) days prior written notice to Landlord. All insurers shall be rated A-X or better by Best's. Tenant shall provide Landlord with certificates evidencing the required insurance coverages at least fifteen (15) days prior to the Commencement Date.

14.3.1 Notwithstanding anything to the contrary contained in Section 14.3, so long as (i) Tenant administers and participates in a formal self-insurance program providing for reasonable reserves and retention amounts, and (ii) Tenant furnishes to Landlord such certificate or other document as may be regularly used by the self-insurance program to confirm that Tenant participates in it and that it covers the same risks, affords the same types of coverage, and affords the same amount of coverage as the insurance provided in Section 14.3, Tenant shall have the right, at its option during the Lease Term to self-insure, in full or in part, any of the insurance coverage required to be maintained by Tenant under this Lease and, in lieu of obtaining the insurance coverage so required, Tenant shall promptly pay, to the party entitled to such payment, any amount which would have been payable by any insurance carrier issuing such coverage, had such coverage been obtained by Tenant. Without limiting the foregoing: (x) Tenant shall defend, indemnify and hold Landlord and Landlord's property manager and their respective affiliates, officers, members, directors, agents, and employees, regardless of fault or negligence on the part of Landlord or its property manager, free and harmless against any loss, damage, liability, cost or expense to the same extent as Tenant's insurer would have done had Tenant obtained the liability insurance coverage required by this Lease, without any deductible amount, rather than self-insured the applicable risk, and (y) Tenant waives all claims against Landlord and Landlord's property manager and their respective affiliates, officers, directors, agents, and employees for loss of or damage or injury to Tenant's property that would otherwise be covered by the insurance required hereunder, regardless of fault or negligence on the part of Landlord or its property manager, so that Landlord and its

property manager receive the same protection against liability and loss as though Tenant had obtained the property insurance coverage required by this Lease, without any deductible amount, rather than self-insured the applicable risk, and waived all subrogation rights in favor of Landlord and its property manager. The foregoing right to self-insure shall terminate in the event of any assignment of this Lease.

14.4 Waivers. Tenant hereby waives any right of recovery from Landlord, and Landlord's agents, officers and employees, and Landlord hereby waives any right of recovery from Tenant and Tenant's agents, officers and employees, from any loss or damage (including consequential loss) resulting from any of the perils insured against by the fire and extended coverage insurance policy of either of them. Neither Landlord nor Tenant shall be liable to the other or to any insurance company insuring the other party (by way of subrogation or otherwise) for any loss or damage to any building, structure or other tangible property; or resulting loss of income, or losses under worker's compensation laws and benefits, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees, if any such loss or damage is covered by insurance benefitting the party suffering such loss or damage or was required to be covered by insurance pursuant to this Lease. Notwithstanding anything to the contrary herein, both parties shall be responsible for their own property damage unless it is due to the misconduct or negligence of the other party.

15. CASUALTY. If less than twenty-five percent (25%) of the Premises or the Building is destroyed or damaged by fire or other casualty, Landlord shall restore the Premises with reasonable diligence; provided, however, that Landlord shall have no obligation to restore improvements not originally provided by Landlord or to replace any of Tenant's fixtures, furnishings, equipment or personal property. Upon completion of Landlord's restoration work, Tenant shall promptly replace and restore all of Tenant's fixtures, furnishings and equipment damaged or destroyed by the casualty. Landlord shall not be required to commence repairs until insurance proceeds are available. If twenty-five percent (25%) or more of the Premises or the Building is destroyed, then Landlord may elect not to rebuild the Premises, the Building or the Center (as applicable) and, upon such election, this Lease shall terminate as of the date of the casualty. If Landlord notifies Tenant that the restoration is anticipated to take more than one hundred twenty (120) days to substantially complete, then either party may terminate this Lease by notice thereof to the other party within ten (10) days after notice of such fact has been given. If the fire or casualty occurs within the last three (3) years of the Lease term, then Landlord, by written notice to Tenant, may terminate this Lease. If this Lease is not terminated as provided above, this Lease shall continue in full force and effect, but if Tenant is unable to use all or a portion the Premises during the restoration, then Base Rent shall abate proportionately until the restoration is substantially complete.

16. CONDEMNATION. If more than twenty-five percent (25%) of the Premises, the Building or the Center is taken under the power of eminent domain, or if by reason of any appropriation or taking, regardless of the amount so taken, the remainder of the Premises or the Building is not one (1) undivided parcel of property, either Landlord or Tenant shall have the right to terminate this Lease as of the date Tenant is required to vacate a portion of the Premises upon giving notice in writing of such election within thirty (30) days after receipt by Tenant from Landlord of written notice that the Premises have been so appropriated or taken. If any part of the Automobile Parking Area is taken, Landlord shall have the right to provide substitute parking facilities and this Lease shall continue in full force and effect unless a government entity forces the closing of the Building. In all other situations, if the award is sufficient to restore the property taken, Landlord shall restore the Premises to the extent practicable to the condition existing prior to the taking, and thereafter the Base Rent shall be reduced on an equitable basis, taking into account the relative value of the portion of the Premises taken (if any) as compared to the portion remaining. All awards or compensation for any taking of any part of the Premises shall be the sole property of Landlord. Tenant shall be entitled to apply for and receive an award of compensation relating to damage to or loss of trade fixtures or other personal property belonging to Tenant and its moving and other relocation expenses. Landlord shall be under no obligation to restore or replace Tenant's furnishings, fixtures, equipment and personal property. For the purposes of this Section, a voluntary sale or conveyance in lieu of condemnation shall be deemed an appropriation or a taking under the power of eminent domain.

17. ASSIGNMENT AND SUBLETTING; SALE BY LANDLORD.

17.1 Assignment and Subletting. Tenant shall not assign, hypothecate or transfer this Lease, or sublet the Premises or any part thereof, or permit the Premises or any part thereof to be occupied by anyone other than Tenant, either voluntarily or by operation of law, without the Landlord's prior written consent, which consent shall not be unreasonably withheld provided the proposed assignee, transferee or subtenant is reasonably satisfactory to Landlord as to credit and character and will occupy the Premises for purposes not inconsistent with Tenant's purposes as stated in Section 6 or other purposes approved by Landlord. Landlord shall be under no obligation to give or withhold consent until all information reasonably required by Landlord with respect to the identity, background, experience and financial worth of

the proposed assignee, transferee, or subtenant has been provided. No hypothecation, assignment, sublease or other transfer to which Landlord has consented shall be effective for any purpose until fully executed documents of such transaction have been provided to Landlord, and, in the case of an assignment, the assignee has attorned directly to Landlord, and in the case of a sublease, the subtenant has acknowledged that the sublease is subject to all of the terms and conditions of this Lease. Tenant shall promptly notify Landlord of the terms of any approved assignment or sublease. Any assignment, mortgage, transfer or subletting of this Lease which is not in compliance with the provisions of this Section shall be void and shall serve to terminate this Lease. The consent by Landlord to an assignment or subletting shall not be deemed to be a consent to any subsequent assignment or subletting. Consent to an assignment or sublease shall not relieve Tenant from liability under this Lease unless expressly agreed to by Landlord. Any change of ten percent (10%) or more of the ownership or control in the shareholders or partners of Tenant shall be deemed an assignment for purposes of this Section.

17.2 Sale by Landlord. Upon the sale of the Premises by Landlord, Landlord shall be relieved of all liability under this Lease arising after such sale, and Tenant shall look solely to Landlord's successor in interest for performance of Landlord's obligations hereunder. Any security given by Tenant to secure performance of Tenant's obligations hereunder may be assigned and transferred by Landlord to such purchaser. This Lease shall not be affected by any sale, and Tenant shall attorn to the successor in interest of Landlord.

18. ESTOPPEL CERTIFICATE. Within ten (10) days after receipt of request therefor, either party shall deliver to the other a written statement confirming the Commencement Date and the termination date of the Lease; the material terms of the Lease; that the Lease is in full force and effect; that the Lease has not been modified (or if it has, stating such modifications); the amount of the security deposit (if any) and the date to which Base Rent has been paid; and providing any other pertinent information the requesting party may reasonably require. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser or mortgagee of Landlord's interest in the Center. If Tenant shall fail to respond within ten (10) days of receipt of a written request by Landlord as herein provided, Tenant shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by Landlord to a prospective purchaser or mortgagee.

19. DEFAULT BY TENANT.

19.1 Default. The following shall constitute a default by Tenant under this Lease: (i) Tenant fails to pay Base Rent or any other additional rent due under this Lease within five (5) days after the due date; (ii) Tenant fails to execute, acknowledge and return an estoppel certificate under Section 18 or a subordination agreement under Section 22, within ten (10) days after a request therefor; (iii) Tenant fails to perform any other obligation under this Lease within fifteen (15) days after notice of nonperformance; provided, however, that if the default is of such a nature that it cannot be cured within fifteen (15) days, Tenant shall not be in default if Tenant commences to cure such default and thereafter diligently cures such default within thirty (30) days thereafter; (iv) a receiver is appointed for the business, property, affairs or revenues of Tenant or any guarantor (provided, however, that in the case of involuntary proceedings, Tenant shall have sixty (60) days to cause such receiver to be dismissed) or Tenant makes an assignment for the benefit of its creditors, or Tenant becomes insolvent; or (v) Tenant fails to comply with any other provision of this Lease.

19.2 Landlord's Remedies. On any default, Landlord, at Landlord's option, without notice or demand, may exercise any and all remedies to which Landlord may be entitled at law or in equity, in any order, successively or concurrently, including without limitation, the following:

19.2.1 Landlord may take any action deemed necessary by Landlord, in Landlord's sole discretion, to cure the default. Tenant shall be liable to Landlord for all of Landlord's expenses so incurred, as additional rent, payable on demand by Landlord to Tenant together with interest thereon at the Default Rate from the date such sums were expended.

19.2.2 Landlord may prosecute and maintain an action or actions, as often as Landlord deems advisable, for collection of rent, other charges and damages as the same accrue, without entering into possession and without terminating this Lease. No judgment obtained shall constitute a merger or otherwise bar prosecution of subsequent actions for rent and other charges and damages as they accrue. Tenant agrees to pay Landlord all costs of collection of past due rent, including court costs and attorneys' fees.

19.2.3 Landlord may immediately or at any time thereafter re-enter and take possession of the Premises and remove Tenant, Tenant's agents, any subtenants, licensees, concessionaires, or invitees and any or all of their property from the Premises. Re-entry and removal may be effected by summary proceedings or any other action or proceedings

at law, by force or otherwise. Landlord shall not be liable in any way in connection with any action taken under this Section. No action taken, commenced or prosecuted by Landlord, no execution on any judgment and no act or forbearance on the part of Landlord in taking or accepting possession of the Premises shall be construed as an election to terminate this Lease unless Landlord expressly exercises this option under Section 19.2.4. Upon taking possession of the Premises, Landlord, from time to time, without termination of this Lease, may relet the Premises or any part thereof as agent for Tenant for such rental terms and conditions (which may be for a term extending beyond the Lease Term) as Landlord, in its sole discretion, may deem advisable, with the right to make alterations and repairs to said Premises required for reletting. The rents received by Landlord from such reletting shall be applied first to the payment of any costs of reletting and second to the payment of rent due and unpaid hereunder. The residue, if any shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. If the rents received from such reletting during any month are insufficient to reimburse Landlord for any costs of reletting or rent due and payable, Tenant shall pay any deficiency to Landlord. Such deficiency shall be calculated and paid monthly. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous breach.

19.2.4 Landlord may elect to terminate this Lease by written notice to Tenant. In the event of such termination, Tenant agrees to immediately surrender possession of the Premises. If Tenant fails or refuses to surrender the Premises, Landlord may take possession in accordance with Section 19.2.3 above. If Landlord terminates this Lease, Tenant shall have no further interest in this Lease or in the Premises, however, Tenant shall remain liable to Landlord for all damages Landlord may sustain by reason of Tenant's default, including without limitation (1) the cost of reletting the Premises, and (2) either (i) an amount equal to the rent which, but for termination of this Lease, would have been payable by Tenant during the remainder of the Lease Term, less any proceeds received during the Lease Term from reletting the Premises; or (ii) an amount equal to the present worth (immediately prior to termination) of the rent which, but for termination of this Lease, would have been payable during the remainder of the Lease Term, less the then reasonable rental value of the Premises, which amount shall be payable to Landlord upon demand. Rent which would have been payable for the remainder of the Lease Term shall be calculated on the basis of the Base Rent and additional rent payable by Tenant at the time of default plus any future increases which are determinable at the time of calculation.

19.2.5 Landlord may obtain the appointment of a receiver in any court of competent jurisdiction, and the receiver may take possession of any personal property belonging to Tenant and used in the conduct of the business of Tenant being conducted in the Premises. Tenant agrees that the entry upon the Premises or possession of said personal property by said receiver shall not constitute an eviction of Tenant from the Premises or any portion thereof, and Tenant hereby agrees to hold Landlord safe and harmless from any claim by any person arising out of or in any way connected with the entry by said receiver in taking possession of the Premises or any personal property.

19.3 Recovery of Costs. Landlord, in every case, shall be entitled to recover from Tenant all of Landlord's expenses, costs and damages arising out of any event of default, including, but not limited to, advertising, brokerage fees, clean-up, repair, removal and storage of Tenant's property, alterations, refurbishing, custodial and security expenses, bookkeeping and accounting costs, legal expenses (whether or not suit is brought), and costs and expenses of litigation.

19.4 No Termination. No act or conduct of the Landlord, whether consisting of re-entry, taking possession or reletting the Premises or obtaining appointment of a receiver or accepting the keys to the Premises, or otherwise, prior to the expiration of the Lease Term shall be deemed to be or constitute an acceptance of the surrender of the Premises by the Landlord or an election to terminate this Lease unless Landlord exercises its election under Section 19.2.4 of this Lease. Such acceptance or election by Landlord shall only be effected, and must be evidenced, by written acknowledgment of acceptance of surrender or notice of election to terminate signed by Landlord.

19.5 Landlord's Right to Act. Tenant agrees that in the event Tenant is due to render performance in accordance with any term or condition of this Lease and fails to render such performance within ten (10) days after written notification thereof is given in accordance with the notice provision hereof (or immediately if required for protection of the Premises), Landlord shall have the right, but not the obligation, to render such performance and to charge all costs and expenses incurred in connection therewith to Tenant. All amounts so charged shall be considered additional rent and shall be due and payable immediately to Landlord upon presentation of a statement to Tenant indicating the amount and nature of such cost or expense.

19.6 Cumulative Nature of Remedies. No remedy herein conferred upon Landlord shall be considered exclusive of any other remedy, but the same shall be cumulative

and shall be in addition to every other remedy given hereunder, now or hereafter existing at law or in equity or by statute. No delay or omission of Landlord to exercise any right or power arising from any default shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein.

19.7 Consents by Landlord. Any requirement that Landlord provide a consent or approval under this Lease shall be subject to the condition that at the time the approval or consent is requested that Tenant shall not be in default under this Lease, and no circumstances shall exist, which with the giving of notice and the passage of any grace period would constitute a default by Tenant under this Lease.

20. DEFAULT BY LANDLORD.

20.1 Default. If Landlord should be in default in the performance of any of its obligations under this Lease, which default continues for a period of more than thirty (30) days after receipt of written notice from Tenant specifying such default, or if such default is of a nature to require more than thirty (30) days for remedy and continues beyond the time reasonably necessary to cure (provided Landlord must have undertaken procedures to cure the default within such thirty (30) day period and diligently pursue such efforts to cure to completion), Tenant may, at its option, upon written notice, incur any expense necessary to perform the obligation of Landlord specified in such notice and recover such expense from Landlord with interest thereon at the Default Rate.

20.2 Non-recourse Liability. If Landlord fails to perform any of its obligations under this Lease and, as a consequence of such nonperformance, Tenant recovers a money judgment against Landlord, such judgment shall be satisfied only out of Landlord's interest in the Center, subject to prior rights of any mortgagee of the Building or the Center. Landlord and its constituent partners, and their respective officers, directors, shareholders, affiliates, heirs, personal representatives, successors or assigns (collectively, "**Related Parties**") shall have no personal liability whatsoever for any deficiency, and no other assets of Landlord or Landlord's Related Parties shall be subject to levy, execution or other enforcement procedures as a result of such judgment. None of Landlord's obligations under this Lease shall be subject to specific performance or injunctive remedies, and Tenant waives all rights with respect to such remedies.

21. NOTICES. All notices, requests, authorizations, approvals, consents and other such communications shall be in writing and shall be delivered in person, by private express overnight delivery service (freight prepaid), by certified or registered mail, return receipt requested, or by facsimile transmission (confirmed by the recipient), addressed as follows:

To Landlord: c/o DMB Associates, Inc.
7600 East Doubletree Ranch Road, Suite 300
Scottsdale, AZ 85258
Attn: Property Management Department
Fax: (480) 367-9788

To Tenant: 660 South Mill Avenue, Suite 150
Tempe, AZ 85281
Attn: _____
Fax: _____

Notices shall be deemed to be given or received on the date of actual receipt (or refusal of delivery) at the applicable above-stated address or at such other address as a party may direct from time to time, upon written notice to the other party at least ten (10) days prior to the proposed change of address.

22. SUBORDINATION; ATTORNMEN; QUIET ENJOYMENT. Landlord expressly reserves the right at any time to place liens and encumbrances on and against the Premises and the Center, superior in lien and effect to this Lease and the estate created hereby. This Lease shall be subordinate to any covenants, conditions and restrictions that currently are on the Center or that may be placed on the Center in the future. The subordination of this Lease shall be self-operative without the necessity of a written instrument, but Tenant shall nevertheless execute, within ten (10) days after request, a subordination agreement to that effect in the form customarily used by the holder of such lien or encumbrance. Landlord covenants that, provided Tenant is in compliance with all of the terms and conditions of this Lease, Tenant shall have the right of peaceable and quiet enjoyment of the Premises during the Lease Term. This covenant shall not extend to any disturbance, act or condition occasioned by any other tenant in the Center, and shall be subject to the rights of Landlord set forth in this Lease.

23. ENTRY BY LANDLORD. Landlord and Landlord's agents shall have the right to enter the Premises at all reasonable times to inspect the same; to perform Landlord's maintenance and repair obligations under this Lease; to post such reasonable notices as

Landlord may desire to protect its rights; to exhibit the Premises to any prospective purchaser or mortgagee of the Building or the Center; or, during the last twelve (12) months of the Lease Term, to exhibit the Premises to prospective tenants.

24. RELOCATION. Landlord, upon at least sixty (60) days prior notice to Tenant, may require Tenant to relocate from Suite 150 or Suite 204, or both, to other suites of substantially equal size in the Center which shall, upon delivery, be substituted for all or a portion of the Premises under this Lease. The amount of the Base Rent and Tenant's pro rata share of operating costs shall be adjusted based upon the rentable area of the substitute premises. Landlord, at Landlord's expense, shall cause the substitute premises to be improved prior to delivery in a manner similar to that portion of the Premises Landlord is relocating Tenant from. Upon request Tenant shall cooperate in the preparation or approval of plans and specifications for the improvements. If Tenant fails to respond to any request for cooperation within five (5) business days after a request, then Tenant shall be deemed to have delegated to Landlord the sole responsibility for approval of plans and specifications. Landlord shall bear all reasonable costs incurred in connection with the relocation for changes in signs, changes in stationery, reinstallation of telephone equipment, moving of furniture and personal property, and similar matters.

25. BROKERAGE. If, but only if, this Lease is executed by Landlord and Tenant, and Tenant takes possession of the Premises as provided herein, Landlord shall pay a brokerage commission to N/A (to be paid pursuant to separate agreement). Landlord warrants that Landlord has not dealt with any other broker in connection with this transaction and Tenant warrants that Tenant has not dealt with any other broker in connection with this transaction. If any person shall assert a claim to a finder's fee, brokerage commission or other compensation on account of alleged employment as a finder or broker or performance of services as a finder or broker in connection with this transaction, the party under whom the finder or broker is claiming shall indemnify, defend and hold harmless the other party for, from and against any such claim and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought on such claim, including, but not limited to, counsel and witness fees and court costs in defending against such claim. This indemnity shall survive the expiration or termination of this Lease.

26. GENERAL PROVISIONS.

26.1 Force Majeure. If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, restrictive governmental laws or regulations or other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, nothing contained in this Section shall excuse Tenant from the prompt payment of any rent or other sum required of Tenant hereunder.

26.2 Rules. Tenant and its agents, contractors, employees, and customers shall comply with all reasonable rules and regulations (as set forth on Exhibit D of this Lease) established in writing by Landlord from time to time with such reasonable modifications and additions as Landlord may hereafter make for the operation of the Center. Any violation of the rules and regulations shall constitute a breach of this Lease. In the event of any conflict between the provisions of this Lease and the provisions of any such rules and regulations, the terms and conditions of this Lease shall control.

26.3 Captions. The captions contained in this Lease are for convenience only and shall not be considered in the construction or interpretation of any provision.

26.4 Merger. This Lease contains all of the agreements of the parties hereto with respect to this Lease, and all preliminary negotiations and covenants are merged herein. There are no oral agreements or implied covenants except as expressly set forth herein. This Lease may be amended only by a written agreement signed by both parties.

26.5 Attorneys' Fees. If any action is brought by any party with respect to its rights under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and court costs, as determined by the court. If Landlord is involuntarily made a party defendant to any litigation concerning this Lease or the Premises by reason of any act or omission of Tenant, Tenant shall indemnify and hold Landlord harmless.

26.6 No Partnership. Nothing in this Lease shall be deemed or construed to create a partnership or joint venture relationship between Landlord and Tenant, it being expressly acknowledged that the sole and exclusive relationship between the parties is that of Landlord and Tenant.

26.7 Waiver; Remedies. The failure of Landlord or Tenant to insist upon strict performance by the other of any of the provisions of this Lease or to exercise any option herein conferred shall not be deemed as a waiver or relinquishment for the future of any such provision or option. Except as expressly provided otherwise herein, all rights and remedies provided for herein or otherwise existing at law or in equity are cumulative, and the exercise of one or more rights or remedies by either party shall not preclude or waive its right to the exercise of any or all of the others.

26.8 Choice of Law. This Lease shall be governed by and construed in accordance with the laws of the State of Arizona.

26.9 Partial Invalidity. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provisions hereof and such other provisions shall remain in full force and effect.

26.10 Lease Construed as Whole. The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning and not strictly for nor against either Landlord or Tenant.

26.11 Binding Effect. Except as otherwise expressly limited in this Lease, this Lease shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, executors, administrators, personal representatives and assigns and successors in interest.

26.12 Time. Time is of the essence of this Lease.

26.13 Joint and Several Liability. If Tenant is comprised of more than one entity, then the obligations of such entities or parties shall be joint and several.

26.14 Redevelopment. Landlord and Tenant both acknowledge that Landlord may redevelop all or part of the Center. If Landlord, in Landlord's sole and absolute discretion, undertakes any such redevelopment, alteration, or modification of the Building or the Center, then (i) Tenant shall have no claim against Landlord for interference with Tenant's business or interference with access to or visibility of the Premises and Tenant hereby waives any such claim or claims, but Landlord shall use commercially reasonable efforts to minimize interference with Tenant's business in the process of any such work; (ii) the location of the Premises and/or the premises of other tenants or occupants of the Center may be changed or adjusted; (iii) barricades or other obstacles may be placed in or around the Center and the Premises, and the redevelopment work may temporarily affect visibility or access to the Premises; (iv) the redevelopment work may require access to the Premises and may require minor reductions in the size of the Premises as a result of columns, shafts, or other installations, and Tenant hereby consents to such access and such work, and such reduction, if necessary; (v) Tenant may be required, upon not less than thirty (30) days' advance notice, and provided Landlord uses commercially reasonable efforts to minimize interference with Tenant's business, to temporarily close to facilitate Landlord's work in the redevelopment, and Tenant agrees that such temporary closure shall not constitute a constructive eviction or entitle Tenant to any compensation, except that Tenant shall be entitled to a proportionate abatement of rent for the period Tenant is required to be closed; and (vi) Landlord may, at Landlord's sole option, terminate this Lease upon not less than sixty (60) days' notice to Tenant, with such termination effective on the later of (A) the date set forth in Landlord's notice of termination, or (B) the sixtieth (60th) day following Tenant's receipt of such notice. Upon termination under the foregoing, Tenant shall vacate the Premises in accordance with the provisions of Section 19 of this Lease; Tenant shall perform all obligations under this Lease up to the date that the termination is effective. Upon effectiveness of the termination and vacation of the Premises by Tenant in accordance with Section 19 of this Lease, Landlord shall reimburse to Tenant the unamortized portion of the cost of tenant improvements actually installed by Tenant at Tenant's expense (i.e., not paid for by application of any tenant improvement allowance under this Lease). Landlord shall be obligated to reimburse Tenant only for those amounts for which Tenant has evidence, reasonably satisfactory to Landlord, that such sums were actually expended for improvements permanently attached to, and becoming a part of, the Premises. Landlord shall not be obligated to reimburse Tenant for any trade fixtures or equipment, personal property, or inventory. Thereafter, neither party shall have any further obligation or liability under this Lease other than indemnity obligations arising prior to the termination effective date. Tenant shall have no approval rights whatsoever with respect to any redevelopment, the plans and specifications therefor, or the construction thereof. Landlord has no obligation to redevelop the Center, and nothing in this Lease shall be deemed to be a representation, warranty, or inducement of any kind that Landlord shall perform all or any part of redevelopment of the Center.

TENANT	LANDLORD
CITY OF TEMPE	CENTERPOINT HOLDINGS LLC, a Delaware limited liability company, successor by merger with CENTERPOINT PLAZA LIMITED PARTNERSHIP
By: _____	By: DMB Consolidated Holdings, L.L.C., an Arizona limited liability company, its Manager
Its: _____	By: DMB Associates, Inc., an Arizona corporation, its Manager
	By: _____
	Its: _____

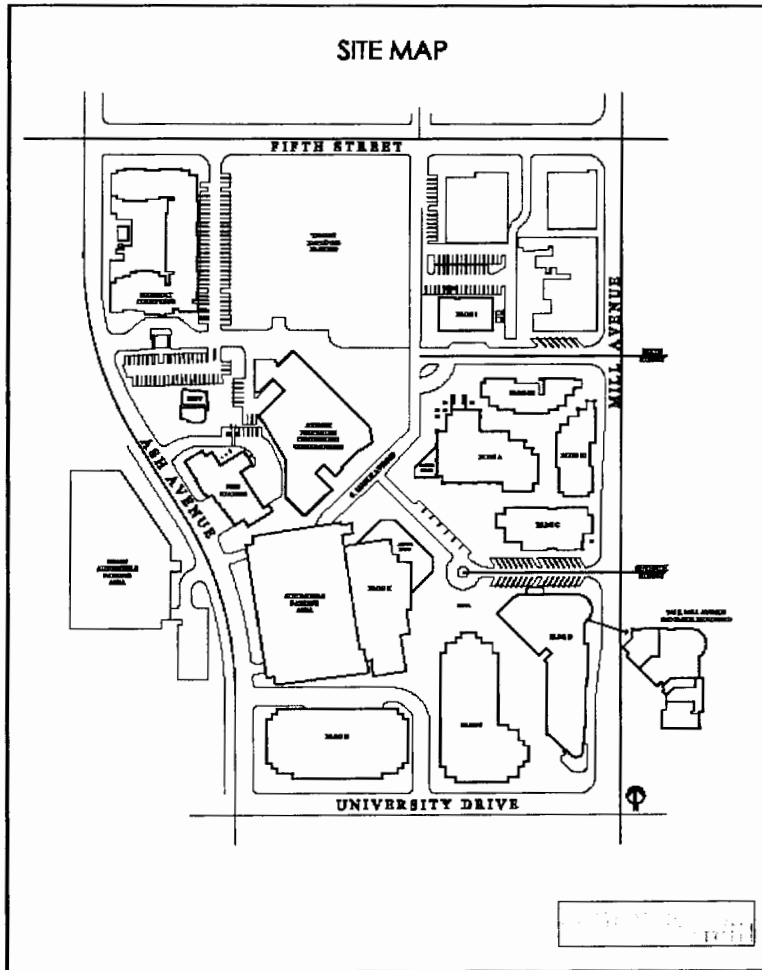
CENTERPOINT OFFICE LEASE

LIST OF EXHIBITS

- A - Diagram of Center, Building and Premises
- B - Landlord's and Tenant's Construction Obligations
- C - Guaranty – Intentionally Omitted
- D - Center Rules and Regulations

EXHIBIT A

DIAGRAM OF CENTER, BUILDING AND PREMISES



**Suite
150**

mill
650 200TH MILL AVENUE
TAMPA, FLORIDA
33606-1000
TEL: 813.281.1111
FAX: 813.281.1112
WWW.MILLAVENUE.COM

As of 3/20/00
Date: 3/20/00

Suite 204

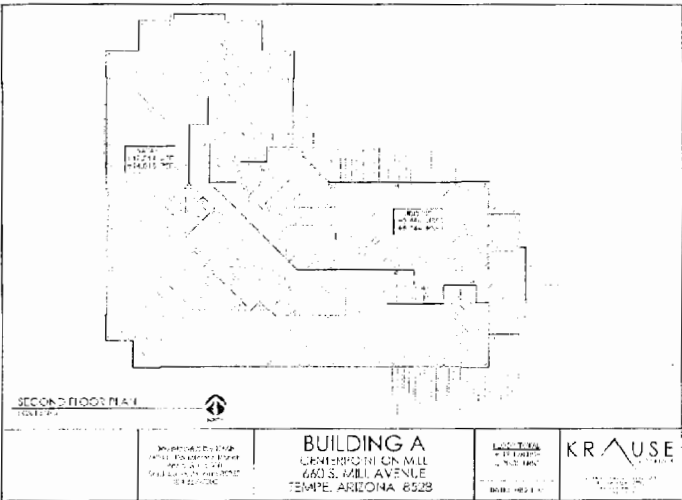


EXHIBIT B

LANDLORD'S AND TENANT'S CONSTRUCTION OBLIGATIONS

This Exhibit "B" sets forth the respective obligations of, and the procedures to be followed by, Landlord and Tenant in the design and construction of those improvements which will prepare the Premises for Tenant's use and occupancy ("**Tenant Improvements**"), including the payment of design and construction costs.

I. DEFINITIONS

1.0 As used in the Lease and this Exhibit "B":

1.0.1 The term "**Building Standard Improvements**" refers to those improvements set forth in Section 3.4 of this Exhibit.

1.0.2 The term "**Building Standard**" refers to those brands, designs, finishes or techniques selected by Landlord for construction of the Building Standard Improvements.

1.0.3 The term "**non-Building Standard**" means brands, designs, finishes and techniques other than those selected by Landlord.

1.0.4 The term "**non-Building Standard Improvements**" means improvements to the Premises in addition to those improvements set forth in Section 3.4 of this Exhibit. Tenant's design shall be in conformance with the plans to be approved by Landlord and Tenant and subsequently attached to and made a part of this Lease.

1.0.5 "**Usable Area**" means the area of the Premises computed by measuring to the exterior surface of permanent outside walls, to the midpoint of corridor and demising walls and to the Tenant side of permanent interior and interior Common Facility walls (other than corridor walls) but excluding the square foot area of stairwells and elevator shafts, measured from the exterior of the walls.

II. GENERAL PROCEDURES FOR PREPARING PLANS AND SPECIFICATIONS

2.0 Krause Interiors, ("**Landlord's Space Planner**") will provide Tenant's space planning and architectural services, the fee for which shall be charged against the Tenant Improvement Allowance described in Section 4.01 below. Landlord's Space Planner will prepare a space plan for the Premises (the "**Space Plan**"). Unless a Space Plan for the Premises has already been approved by Landlord and Tenant, Tenant agrees, within three (3) business days of execution of this Lease, to meet with Landlord's Space Planner and to provide at the meeting criteria for preparation of a Space Plan. Criteria includes:

2.0.1 Approximate location of all partitions, doors, electrical and telephone outlets and switches. Special requirements for electrical and telephone outlets.

2.0.2 Type and color of wall and floor covering.

2.0.3 Details of all millwork, corridor entrances, water and drain supply requirements and non-Building Standard electrical outlets.

2.0.4 Information on non-Building Standard Improvement HVAC requirements (special heat generating equipment).

2.0.5 Weight and location of exceptionally heavy equipment.

2.0.6 Dimensions of all equipment to be built in.

2.0.7 Keying schedule.

2.0.8 Lighting arrangement.

Within ten (10) days after receipt of the Space Plan, Tenant shall provide Landlord with Tenant's approval of the Space Plan or specific objections thereto.

2.1 Upon approval of the Space Plan, Tenant shall cause Landlord's architect to provide construction drawings and specifications for Tenant's partition layout, reflected ceiling, telephone and electrical outlets and switches, finish schedule and other work required for Tenant's Improvements. Mechanical and electrical drawings and specifications (for installation of air conditioning system and duct work, and heating and electrical facilities) for the work required for Tenant's Leasehold Improvements will be prepared concurrently with construction of the Premises. Such plans shall be completed on or before forty (40) days from the date of this Lease.

2.2 All non-Building Standard work or Improvements desired by Tenant shall in Landlord's opinion, equal or exceed the quality established by the Building Standard Improvements as listed herein.

2.3 All plans and specifications plus Landlord's price for construction of Tenant's Improvements, shall be submitted to Tenant for review and for Tenant's written approval which Tenant will issue within five (5) business days of receipt of the plans, specifications and price. In addition, such plans are expressly subject to Landlord's written approval, which Landlord covenants it will not unreasonably withhold or delay.

2.4 Following approval by Tenant, any changes, modifications or alterations of or to Tenant's drawings and specifications requested by Tenant shall be subject to Landlord's approval. Any additional charges, expenses or costs, including Landlord's building shell architect's fees, incurred by Landlord in approving said changes, modifications or alterations shall be paid by Tenant. No changes, modifications or alterations of or to any approved drawings shall be made without the written consent of the Landlord after written request thereof by the Tenant.

2.5 Landlord will cause said plans to be filed with the appropriate governmental agencies, in such form as may be required for construction and occupancy. Landlord and Tenant each agree to use their best reasonable efforts to provide information and approvals to the Space Planner so that the construction plans are submitted to the City of Tempe in a timely manner.

2.6 One entrance door to each of Suite 150 and Suite 204 will bear the Tenant's designated name and suite number. All door signs and directory entries shall be in Landlord's Building Standard format purchased by the Tenant.

III. LANDLORD'S OBLIGATIONS TO CONSTRUCT AND PAY FOR IMPROVEMENTS

3.0 Landlord shall construct the Tenant Improvements in accordance with this Exhibit. If the work described in Tenant's drawings and specifications exceeds the sum of One Hundred Seventy-Four Thousand Six Hundred and Fifteen Dollars and 00/100 (\$174,615.00), Tenant agrees to pay Landlord any excess, including construction expenses and architectural and engineering costs to the extent those costs exceed the Tenant Improvement Allowance.

3.1 If the work described in Tenant's drawings and specifications requires additions or changes to Landlord's plans and specifications or additions or changes to Landlord's construction obligations under this Article III, Tenant agrees to pay Landlord any increased costs resulting from the additions or changes, including construction expenses and architectural and engineering costs to the extent those costs exceed the Tenant Improvement Allowance.

3.2 Landlord's construction and standard finishes are designed for normal office use. Any reference to construction by Landlord to Code requirements shall be deemed to mean Tempe City Code requirements for normal office use.

IV. CONSTRUCTION OF TENANT'S IMPROVEMENTS

4.0 Landlord agrees to construct Tenant's Improvements in accordance with the drawings and specifications prepared by Landlord under Article II against a "**Tenant Improvement Allowance**" in an amount equal to One Hundred Seventy-Four Thousand Six Hundred and Fifteen Dollars and 00/100 (\$174,615.00).

4.1 All mechanical, structural, electrical or plumbing modifications to the Building required by Tenant shall be performed by Landlord's contractor or contractors approved by Landlord.

4.2 There shall be charged against the Tenant Improvement Allowance the sum of (i) architectural and engineering fees incurred by Landlord and Tenant under Article II of this Exhibit "B", (ii) architectural and engineering fees and construction costs incurred by Landlord under Section 3.1 of this Exhibit "B", (iii) Landlord's cost of construction of Tenant's Improvements under Section 4.0 of this Exhibit "B", whether incurred before or after execution of this Lease (including without limitation labor, materials, overhead, general conditions, sales tax, bonds and permits and plan check fees); (iv) the cost of any other Tenant's work (including preparation of drawings and specifications for Tenant's Improvements) done by Landlord for Tenant and (v) the cost of providing or upgrading water, heating, cooling, air or electrical facilities for the remainder of the Building should Tenant's Improvements require Excess Consumption from existing facilities, but only to the extent necessary to compensate for Tenant's Excess Consumption.

4.2.1 If the sum of the costs set forth in clauses (i) through (v) of Section 4.2 above exceed the Tenant Improvement Allowance, Tenant agrees to pay Landlord one-half (½) of the excess upon commencement of construction of the Tenant's Improvements and to pay any balance to Landlord upon Substantial Completion of the Premises. Any failure of Tenant to pay said costs when due

shall constitute a default under the terms of the Lease in the same manner as the failure to pay rent when due.

4.2.2 If the Tenant Improvement Allowance exceeds the sum of the costs set forth in clauses (i) through (v) of Section 4.2, Landlord shall have no obligation to pay the excess to Tenant.

4.3 No portion of the Tenant Improvement Allowance shall be paid for any item of construction which is not permanently attached to the Premises unless agreed to in writing by Landlord.

V. COMPLETION OF TENANT'S IMPROVEMENTS

5.1 Landlord agrees to obtain any Certificate of Occupancy required by the local building department or other governmental agency.

5.2 The term "**Substantial Completion**" or "**substantially complete**" as used in this Exhibit "B" or in the Lease means (i) that state of completion of the Premises which will allow Tenant to begin Tenant's occupation of the Premises without material interference (as defined by Tenant) from Landlord's contractor or material delay caused by Landlord's failure to have completed Landlord's work under Section 3.4 of this Exhibit "B", and (ii) issuance of a certificate of occupancy or temporary certificate of occupancy for the Premises (excluding so-called "punch list" items that are to be completed without material interference with the business to be conducted by Tenant in the Premises).

5.3 Notwithstanding any time period established herein for the submission and approval of Tenant's plans or for the construction of improvements, the Lease Term and Tenant's obligation to pay rent shall commence as set forth in Article 2.1 of the Lease; provided, however, if the Commencement Date is determined under Article 2.1 of the Lease by the date of Substantial Completion, the Commencement will be accelerated one day for each day Substantial Completion is delayed by reason of:

5.3.1 Tenant's failure to provide the space layout criteria required under Section 2.0 of this Exhibit "B" or to approve the Space Plan within the time period set forth.

5.3.2 Tenant's failure to approve drawings and specifications or the price for non-Building Standard Improvements in accordance with Section 2.3 of this Exhibit "B".

5.3.3 Tenant's changes in Space Plan or drawings and specifications after initial approval.

5.3.4 The performance of any construction planning or architectural work by a person, firm or corporation employed by Tenant and the completion of said work by said person, firm or corporation including delays to Landlord's contractor caused by Tenant's contractor.

5.3.5 Failure to submit complete construction documents to the City of Tempe in accordance with Section 2.5 of this Exhibit "B".

SPACE PLAN

Space Plan to be mutually acceptable to Landlord and Tenant.

EXHIBIT C
Intentionally omitted

EXHIBIT D

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice of any kind shall be inscribed, displayed, printed or affixed on or to any part of the outside or inside of the Building, the Premises or the surrounding area without the prior written consent of Landlord. If such consent is given by Landlord, Landlord may regulate the manner of display of the sign, placard, picture, advertisement, name or notice. Landlord shall have the right to remove any such item which has not been approved by Landlord or is being displayed in a non-approved manner without notice to and at the expense of Tenant. Without the written consent of Landlord, Tenant shall not use pictures of the Building in connection with or in promoting or advertising the business of Tenant, except as Tenant's address.

2. The directory for the Building will be provided exclusively for the display of the name and location of the Tenants only. Landlord reserves the right to exclude any other names therefrom and to charge a reasonable fee for each name other than Tenant's name, placed upon such directory at the request of Tenant. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant, unless otherwise arranged, by a person approved by Landlord.

3. The sidewalks, parking areas, halls, passageways, exits, entrances, elevators, toilets and stairways shall not be obstructed by Tenant, its customers, invitees, licensees and guests, and (except for toilets) shall not be used for any purpose other than for ingress to and egress from the Premises. Tenant shall not throw or allow anyone else to throw anything out of doors or down the passageways. Tenant shall not place anything or allow anything to be placed near any window or any glass door, partition or wall which may appear unsightly, in Landlord's sole discretion.

4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from a violation of this rule shall be borne by the Tenant who, or whose agents, employees or invitees, shall have caused the same.

5. Tenant shall not lay linoleum, tile carpet or other similar floor coverings in any manner except as approved by Landlord. The expense of repairing any damage resulting from a violation of this rule or removal of any floor covering shall be borne by Tenant. All interior window coverings must be approved by Landlord and Tenant may not remove or replace existing blinds. Tenant shall not overload the floor of the Premises, shall not mark on or drive nails, drill or screw into the partitions, woodwork or plaster (except as may be incidental to the hanging of wall decorations) or in any way deface the Premises or any part thereof. Tenant shall not allow the installation of telephone wires or electrical wires or circuits, except with Landlord's prior approval. The installation of telephones and other office equipment affixed to the Premises shall be installed at the expense of Tenant.

6. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on wood strips of such thickness as shall be necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant. There shall not be used in the Premises or the Building any hand trucks except those equipped with rubber tires and side guards, and should only be used in appropriate areas.

7. Tenant shall not employ any person or persons, other than the janitor of the Landlord, for the purpose of cleaning the Premises unless otherwise agreed to by Landlord. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall in no way be responsible to Tenant for any theft or loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant, by or as a result to the acts of the janitor, any other employee or contractor of Landlord, or any other person. Landlord's janitor service shall only include ordinary dusting, housekeeping and cleaning by the janitor assigned to such work and shall not include moving furniture or other special services. Window cleaning shall be done only by Landlord at intervals it deems appropriate. Employees or agents of Landlord shall not be requested to perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

8. No bicycles, skateboards or similar vehicles, animals or birds shall be brought in or kept in or about the Premises or the Building. No cooking shall be done or permitted by Tenant in the Premises, except preparation with the use of a microwave oven and the preparation of coffee, tea, hot chocolate and similar items for Tenant, its employees, clients and guests will be permitted with the approval of Landlord, which approval will not be unreasonably withheld.

9. Tenants shall not disturb, solicit, or canvass any occupant of the Building or Center and shall cooperate to prevent the same. Tenant shall not exhibit, sell, or offer to sell, use rent or exchange any item or service in or from the Premises unless ordinarily embraced within Tenant's use of the Premises specified in the Lease. Peddlers, solicitors and beggars shall be reported to the Landlord. No Tenant shall make or permit to be made any disturbing noises or disturb or interfere with occupants, or with those having business with such occupants of the Building, by the use of any musical instrument, radio phonograph, electronic device, or other devices.

10. Tenant shall not use or keep in the Building any noxious gas or combustible fluid or use any method of heating or air conditioning other than that supplied by Landlord, nor install or operate machinery, equipment or any mechanical or electrical device of a nature not directly related to Tenant's ordinary use of the Premises, by reason of safety, odors and/or vibrations, or interfere in any way with other Tenants or occupants conducting business in the Building. Tenant premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises for general office purposes. Tenant shall not conduct any auction or permit any fire sale or bankruptcy sale to be held on the Premises. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a public stenographer or typist or for the manufacture or sale of liquor, narcotics or tobacco in any form as a medical office, barber shop, manicure shop or as an employment bureau, except with prior written consent of Landlord. The Premises shall not be used for lodging or sleeping or for illegal purposes.

11. All keys and access cards to the Building, offices and rooms shall be obtained from Landlord. All duplicate keys needed by Tenant shall be requested from Landlord, who shall provide such keys at a reasonable charge. Tenant, upon termination of its tenancy, shall deliver to Landlord the keys and access cards to the Building, Premises, offices, and rooms which shall have been furnished. Tenant shall not alter or replace any lock or install any additional locks or any bolts on any door of the Premises without the written consent of Landlord.

12. Tenant assumes full responsibility for protecting, at all times, the Premises and all personal effects of Tenant, its employees, agents and invitees from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed and secured, and Landlord shall have no liability with respect thereto. Tenant shall see that the doors of the Premises are closed and securely locked before leaving the Building and that all water faucets, water apparatus, and electrical items are shut off before Tenant or Tenant's employees leave the Building. Tenant shall be responsible for any damage to the Building or to other Tenants caused by a failure to comply with this rule.

13. On Sundays and legal holidays, and on other days during certain hours for which the Building may be closed before or after Normal Business Hours, access to the Building may be controlled through the use of security personnel and/or security devices. Such personnel will have the right to demand of any and all persons seeking access to the Building proper identification to determine if they have the right of access to the Premises. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of bomb threats, invasion, mob, riot, public excitement or other condition, Landlord reserves the right to prevent access to the Building during the continuance of the same, by closing the doors or otherwise, for the safety of all lessees and protection of the Building and property located therein. The foregoing notwithstanding, Landlord shall have no duty to provide security protection for the Building at any time or to monitor access thereto.

14. The halls, passages, exits, entrances, parking areas, elevators, stairways, toilets and roof are not for the use of the general public and the Landlord shall in all cases retain the right to control the same and prevent access thereto by all persons whose presence in the judgment of the Landlord shall be prejudicial to the safety, character, reputation and interests of the Project to its tenants. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

15. Tenant shall not park in driveways or loading areas or in visitor spaces or reserved parking spaces of other Tenants. Landlord or its agents shall have the right to cause to be removed any car of Tenant, its employees, agents, contractors, customers and invitees that may be parked in unauthorized areas, and Tenant agrees to save and hold harmless Landlord, its agents and employees from any and all claims, losses, damages and demands, arising or

asserted in connection with the removal of any such vehicle and for all expenses (including reasonable attorneys' fees and costs) incurred by Landlord in connection with such removal.

16. Tenant agrees that it shall comply with all fire regulations that may be issued from time to time by Landlord or the City of Tempe Fire Department. Tenant shall not waste electricity or water and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning equipment. Tenant shall give prompt notice to Landlord, or its designee, of any injury to or defects in plumbing, electrical fixtures, heating apparatus and/or air conditioning equipment so that the same may be attended to properly.

17. The Building has been designated a "non-smoking" building. Any individual who refuses to refrain from smoking in an enclosed public area may be issued a citation by the Tempe Police Department and assessed a fine of up to \$100 by Landlord.

18. Landlord reserves the right to rescind, alter, waive, modify, add to, and amend any rule or regulation at any time prescribed for the Building when, in Landlord's judgement, it is necessary, desirable or proper for the best interest of the Building or one or more of its Tenants.

19. By executing a copy of these Center Rules and Regulations, Tenant acknowledges and agrees that is has read and understands these Center Rules and Regulations and will fully comply with all of the terms and provisions contained herein.

"Tenant"

CITY OF TEMPE

By: _____

Its: _____

Date: _____